

2. The company rents showrooms and other stores which are located in Quebec, Montreal, Toronto, Winnipeg and Lucerne-in-Quebec. The lease of the store in Toronto expired recently and was renewed on the basis of \$10,000. per annum which represents a saving to Holt, Renfrew of about \$15,000. a year. The lease on the store in Winnipeg has still a few years to run and is now \$26,000. per annum. This rental is too high, but nothing can be done in the way of a reduction until the lease expires.
3. Trade Accounts and Bills Receivable, less reserve, which stand on the company's books at \$209,395.62 can be considered as collectible within 45 to 60 days. All doubtful accounts have been eliminated from this total.
4. Other accounts receivable, less reserve, which stand on the company's books at \$52,900.46, represent accounts with customers who have purchased goods on the instalment plan; this item cannot be considered as entirely liquid.
5. Inventories are conservatively valued.

It is recommended that the University retain these bonds on the following grounds:

1. The present market is about 58 .
2. The liquid position of the company is fairly good. If inventories were sold for half their value and if only the cash in the bank and half the Trade Accounts and Bills Receivable were collectible immediately the company would have about \$470,000. with which to meet current indebtedness of only \$45,000.
3. The writer knows of no other security in which the proceeds could be placed unless the University were willing to sacrifice either income or security.

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